



Why UK infrastructure - and why now is the time to invest

The UK is entering a period of accelerated infrastructure investment, underpinned by government policy, public co-investment vehicles, and urgent system needs across energy, water, transport, and digital.

For advisers and clients, UK infrastructure represents a compelling blend of stable, inflation-linked income and long-term growth potential. Valuations remain attractive, with elevated yields and discounts that could narrow as the interest rate environment eases and investment company cost disclosure is resolved.

Why infrastructure?

- **Resilient cashflows:** infrastructure revenues are often regulated or contracted (e.g., via government-backed Contracts for Difference (CfDs)).
- **Inflation linkage:** many assets benefit from inflation-indexed revenues, offering a hedge in a high-cost environment.
- **Diversified opportunity set:** exposure spans renewables, regulated utilities, social infrastructure, storage, and digital assets.
- **Defensive qualities:** infrastructure companies provide or own critical assets or services such as healthcare and energy, that modern society demands on a daily basis.

Why UK not global?

- **Policy momentum:** the 10-Year Infrastructure Strategy has set out multi-year priorities and spend, while the Planning & Infrastructure Bill and grid connection reforms are unlocking bottlenecks and accelerating deployment.
- **Pension allocations:** 17 DC pension providers have signed the Mansion House Accord, with the aim of allocating a total of 10% in private assets by 2030. 5% of these investments will be in UK assets.
- **Public co-investment:** Great British Energy investing £8.3bn this Parliament in clean power, National Wealth Fund deploying guarantees and equity alongside institutions (e.g., £300m guarantee for the Haweswater Aqueduct resilience programme).
- **Greater portfolio diversification:** UK infrastructure has a far lower correlation to global equities than global infrastructure.





- **Availability-based, contracted revenues:** the UK listed infrastructure universe has a heavy bias towards availability-based assets whose revenue streams are contractual and highly predictable. The global listed infrastructure universe has heavy bias towards telecoms and demand-based assets, which are more sensitive to the economic environment.

Why now?

- **Discounts to NAV:** Many listed UK infrastructure and renewables investment companies trade on material discounts, offering investors the potential for rerating. Average discounts now sit at 17% and 29% respectively*.
- **Attractive yields:** UK listed infrastructure and renewables investment companies continue to trade on yields between 6–10%, materially above gilts or corporate bonds*.
- **Rate backdrop improving:** The Bank of England cutting rates to 4.0% in August 2025. While timing of further cuts is debated, the cycle has turned, easing a key headwind for long-duration assets.
- **Debt issuance:** according to data from Infralogic, the UK is on track for record infrastructure financing in 2025 spanning energy transition, digital and regulated assets. Around \$38bn of debt was issued in the first 8 months of year**.
- **Huge capex tailwinds:** the government has promised £725 billion and a further £50 billion in private investment is needed over the next decade to meet targets.
- **Improving regulatory environment:** it's hoped that the Consumer Composite Investments regime will result in investment companies no longer being required to mislead investors into thinking they are paying management and operational fees directly from their investments.
- **Index inclusion:** Infrastructure and Real Asset investment companies are currently not included in indices. Campaigners are working on getting this changed, which would result in an influx of money from passive funds.

Gravis has two options in this space: GCP Infrastructure Investments Limited, a UK listed investment company investing in social and environmental infrastructure debt, and TM Gravis UK Infrastructure Income, an open-ended fund investing in UK listed infrastructure investment companies. Both aim to deliver reliable and predictable income and returns from real, tangible assets that people use every day.

As the sector stands at a potential turning point, with stabilising interest rates, rising energy transition investment, and persistent discounts, investors have a rare opportunity to harness this upside with expert guidance and intentional positioning.



*Source: The AIC, 10 September 2025

**Source: ft.com, UK Infrastructure financing on track to reach record high, 8 September 2025

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